

THIS ISSUE
Durable Medical
Equipment (DME)
Coverage and
Payment Policy
Effective July 1, 2005

TO:

Doctors/Physician Assistants
ARNPs/Ambulatory Surgery Centers
Chiropractic Physicians and Clinics
Chiropractic Consultants
DME Suppliers
Free Standing Emergency Rooms
MD/DO/ARNP Clinics
Home Health Agencies
Full Care Hospitals
Outpatient Hospitals
Optometrists/Opticians
Nursing Homes/Residential Care
Facilities/Occupational Therapists
Pain Clinics/Pharmacies
Physical Therapists/Physical Therapy
Clinics/Podiatric Physicians
Prosthetists/Orthotists
Respiratory Therapists
Self-Insured Employers
Speech Therapists

CONTACT:

Provider Hotline
1-800-848-0811
From Olympia 902-6500

John Elshaw
Medical Program Specialist
PO Box 44322
Olympia, WA 98504-4322
360-902-5131
FAX 360-902-4249

Copyright Information: Many *Provider Bulletins* contain CPT codes. CPT five-digit codes, descriptions, and other data only are copyright 2004 American Medical Association. All Rights Reserved. No fee schedules, basic units, relative values or related listings are included in CPT. AMA does not directly or indirectly practice medicine or dispense medical services. AMA assumes no liability for data contained or not contained herein.

CPT codes and descriptions only are copyright 2004 American Medical Association.

Purpose

The Provider Bulletin describes the department's new durable medical equipment (DME) program.

The new DME program changes the way that the department pays for both purchased and rented DME.

This bulletin pertains to claims made against both the State Fund and self-insured employers (insurers) by injured workers and to the Crime Victims Compensation Program.

The authority for payment of DME is found in RCW 51.04.030, RCW 51.36.020, WAC 296-20-1102 and WAC 296-23-165.

Background

Prior to 1988, the Department of Labor and Industries (L&I) paid for all durable medical equipment, prosthetics and orthotics (DMEPOS) by report. This began to change when a contract was established to obtain Transcutaneous Electrical Nerve Stimulator (TENS) units in 1988. A Prosthetics and Orthotics fee schedule was adopted in 2003. The department has continued with its effort to establish a DME fee schedule. It was the department's intent to create a DME fee schedule that would:

- Not increase costs to the insurer,
- Minimize administrative burdens for providers and insurer staff,
- Be consistent, fair and equitable to DME providers, and
- Not impact injured workers access to required medical care.

What is changing?

Effective July 1, 2005, DME will be paid per a maximum fee schedule. Codes and fees schedules will be posted by June 1, 2005. They can be reached by following the Provider billing and payment link from the Washington Department of Labor and Industries homepage at <http://www.LNI.wa.gov>. Oxygen systems will no longer be purchased. Each DME item will require either a –NU or –RR modifier.

Revisions to L&I's DME program and policies include:

- Establishing a DME fee schedule for the purchase and rental of DME,
- Requiring the use of modifiers –NU or –RR with each code billed,
- Establishing by code specific purchase-only DME items, rental-only DME items and DME items that can be purchased or rented,
- Establishing general policies for the maintenance and warranty coverage of DME, and
- Establishing guidelines on oxygen and oxygen equipment.

The policies and fees apply to all DME rented or purchased on or after July 1, 2005.

New DME purchased with a date of service prior to July 1, 2005 will be paid by report. DME rented with dates of service that begin prior to July 1, 2005 and extend beyond this date will be paid by report prior to July 1, 2005 and in accordance with the DME fee schedule beginning July 1, 2005.

What DME codes are affected?

This bulletin states policies for the purchase and rental of all HCPCS 'E' codes and a select portion of 'K' codes that are neither drugs nor prosthetics and orthotics. The maximum allowable fees by code can be found in the HCPCS section of the Medical Aid Rules and Fee Schedules (MARFS). From the Washington Department of Labor and Industries homepage at <http://www.LNI.wa.gov/> follow the Provider billing & payment link to Fee Schedules.

What are the authorization requirements?

Some DME requires a prior authorization. Those bills for DME that require prior authorization and do not have it will be denied. A listing of items for L&I claims that need a prior authorization is available at Appendix B. Prior authorization for L&I claims can be obtained by calling the claim manager or Provider Hotline. The Provider Hotline can be reached at 1-800-848-0811 or from Olympia 902-6500.

For prior authorization on self-insured claims, contact the self-insured employer.

What codes are no longer covered?

HCPCS codes E0235, E1300 and E1310 are no longer covered.

HCPCS codes E0425, E0430, E0435 and E0440 are no longer covered. These codes are used for oxygen equipment purchase. For additional information on rental of oxygen equipment see Section 6, Oxygen and Oxygen Equipment of this Bulletin.

What are the billing rules?

Pharmacies and DME providers must bill their "usual and customary" charge for supplies and equipment with the appropriate HCPCS code including delivery charges, shipping and handling charges, tax and fitting fees. Delivery charges, shipping and handling charges, tax and fitting fees are not payable separately. DME suppliers should include these charges in the total charge for the supply.

Bills for self-insured claims must be submitted directly to the self-insured employer.

Bills for Crime Victims must be submitted to:

Department of Labor and Industries
PO Box 44520
Olympia, WA 98504-4520

1. Required Modifiers –NU or –RR

- a. DME codes fall into one of three groups relative to modifier usage:
 - DME that is only purchased by L&I (only –NU modifier will be accepted)
 - DME that is only rented by L&I (only –RR modifier will be accepted)
 - DME that can be either purchased or rented (either –NU or –RR modifier will be accepted)
- b. DME codes that require either a –NU or –RR include all the ‘E’ HCPCS codes and a limited number ‘K’ HCPCS codes.
 - The HCPCS Section of the Professional Services Fee Schedule provides a listing of the HCPCS codes. Look in the HCPCS/CPT® code column of the fee schedule for the appropriate modifier.
- c. Bills submitted without the correct modifier will be denied payment.
 - Exception: HCPCS code E1340 (Repair or non-routine service for durable medical equipment requiring the skill of a technician, labor component, per 15 minutes) does not require a modifier.

2. DME Purchase

- a. DME that is purchased must have the –NU modifier
 - The new purchase codes with their appropriate modifier can be found in the HCPCS Section of the Professional Services Fee Schedule.
- b. Self insurers may purchase used equipment.
- c. The department will NOT purchase used equipment
- d. DME that is purchased belongs to the injured worker.

3. DME Rental

- a. DME that is rented must have the –RR modifier.
 - The rental codes with their appropriate modifier can be found in HCPCS Section of the Professional Services Fee Schedule.
- b. The insurer may review rental payments at 6 months and determine to purchase the equipment at that time.
- c. Rental payments will not exceed 12 months. At the 12th month of rental, the equipment is then owned by the injured worker.
- d. Extremely high cost items or items that are only utilized for short duration will only be rented by the department. Examples of these items are: E0118, E0193, E0194, E0277, E0935, E1800-E1818, E1825 and E1830.
- e. The maximum allowable rental fee is based on a per month period. One unit of service is equal to one month.
 - Exception: HCPCS E0935, Passive motion exercise device, is rented on a per diem basis. One unit of service equals one day.
- f. During the authorized rental period, the DME belongs to the provider. When the equipment is no longer authorized, the DME will be returned to the provider. If the unauthorized DME is not returned to the provider within 30 days, the provider can bill the injured worker for charges related to DME rental, purchase and supplies that accrue after DME authorization is denied by the insurer.

4. Purchasing DME After a Period of Rental

- a. Should a piece of equipment be rented for less than 12 months, e.g., 6 months, and it is determined that the injured worker requires the DME on a permanent basis
 - Self-Insures may purchase the equipment and may receive a rental credit toward the purchase.
 - The department will purchase a new DME item to replace the used rental equipment.
 - a. The provider will retrieve the rental equipment and immediately replace it with a new DME item.
 - b. The provider should bill their usual and customary charge for the new DME item with the –NU modifier. L&I will pay the provider for the new DME item in accordance with the established maximum fee.

5. DME, miscellaneous, E1399

- a. HCPCS code E1399 will be paid by report.
- b. All bills for E1399 items must have either the –NU or –RR modifier.
- c. A description must be on the paper bill or in the remarks section of the electronic bill.
- d. E1399 is payable only for DME that does not have a valid HCPCS code assigned.
- e. E1399 must be an appropriate item relative to the injury or type of treatment being received by the injured worker.

6. Oxygen and Oxygen Equipment

L&I will generally follow Medicare guidelines concerning oxygen and oxygen equipment. L&I primarily rents oxygen equipment. General descriptions of the different types of oxygen systems can be found in Appendix A of this Bulletin.

- a. Stationary Oxygen Systems
 - Fee schedule payments for stationary oxygen system rentals are all-inclusive. One monthly fee is paid for a stationary oxygen system.
 - This fee includes payment for the equipment rental, contents (if applicable), necessary maintenance and accessories furnished during a rental month.
 - If the injured worker owns a stationary oxygen system, payment will be made for contents of the stationary gaseous (E0441) or liquid (E0442) system.
- b. Portable Oxygen Systems
 - Fee schedule payments for portable oxygen system rentals are all-inclusive. One monthly fee is paid for a portable oxygen system.
 - This fee includes payment for the equipment rental, contents, necessary maintenance and accessories furnished during a rental month.
 - If the injured worker owns a portable oxygen system, payment will be made for the portable contents of the gaseous (E0443) or liquid (E0444) portable system.
- c. Oxygen Concentrators
 - Fee schedule payments for oxygen concentrators are all-inclusive. One monthly fee is paid for an oxygen concentrator.
 - This fee includes payment for the equipment rental, necessary maintenance and accessories furnished during the rental month.

d. Accessories

Accessories are included in the payment for rented systems. The supplier must provide any accessory ordered by the physician. Accessories are payable separately only when they are used with a patient-owned system.

Accessories include but are not limited to:

- cannulas (A4615)
- humidifiers (E0555)
- masks (A4620, A7525)
- mouthpieces (A4617)
- nebulizer for use with regulator (E0580)
- oxygen conserving devices (A9900)
- regulators (E1353)
- stand/rack (E1355)
- transtracheal catheters (A4608)
- tubing (A4616)

7. Repair and Non-routine Service and Warranties

- Repair, non-routine service and maintenance on rented DME are provided as part of the monthly rental fee on DME.
- Repair, non-routine service and maintenance are paid by report on purchased equipment that is out of warranty.
- In those cases where damage to a piece of DME is due to injured worker abuse, neglect or misuse, the repair or replacement is the responsibility of the injured worker. Replacement of lost or stolen DME is also the responsibility of the injured worker.

When repair or non-routine service (HCPCS E1340) is performed on purchased out of warranty DME, the bill must be sent to:

Department of Labor and Industries
PO Box 44269
Olympia, WA 98504-4269

Additionally, a copy of the original warranty must be sent to:

Department of Labor and Industries
PO Box 44291
Olympia, WA 98504-4291

Write the claim number in the upper right hand corner of the warranty document. Payment will be denied if:

- No original warranty document is received
- The item is still under warranty

E1340 should be billed per each 15 minutes. Each 15 minutes should be represented by one unit in the 'Units' field of the billing form. For example, 45 minutes for a repair or non-routine service of equipment requiring a skilled technician would be billed with three (3) units of service.

8. Warranties

What are the different types of warranties on DME?

DME Item Type	Required Warranty Coverage
DME purchased new, excluding disposable and non-reusable supplies	Limited to the manufacturer's warranty
Rented DME	Complete repair and maintenance coverage is provided as part of the monthly rental fee
E1230 Power operated vehicle (3- or 4-wheel non-highway) "Scooter"	Minimum of 1 year or manufacturer's warranty whichever is greater
Wheelchair frames (purchased new) and wheelchair parts	Minimum of 1 year or manufacturer's warranty whichever is greater
HCPCS codes K0004, K0005 and E1161	Lifetime warranty on side frames and cross braces

Where is more information available on the DME fee schedule?

Other information is available in the Medical Aid Rules and Fee Schedules by following the Provider billing and payment link from the Washington Department of Labor and Industries homepage at <http://www.LNI.wa.gov/>.

Provider Hotline
1-800-848-0811
From Olympia 902-6500

RCW 51.04.030
RCW 51.36.020

WAC 296-20-1102
WAC 296-23-165

Appendix A

Types of Oxygen Systems

Stationary systems: Stationary oxygen systems include gaseous oxygen cylinders, liquid oxygen systems and oxygen concentrators.

- Oxygen gas cylinders: Oxygen gas is stored under pressure in tanks or cylinders. Large H cylinders weigh approximately 200 pounds and provide continuous oxygen at two liters per minute for 2.5 days.
- Liquid oxygen: Oxygen is stored in a reservoir as a very cold liquid that converts to gas when released from the tank. Liquid oxygen is more expensive than compressed gas but takes up less space and can be more easily transferred to a portable tank. A typical liquid oxygen system weighs approximately 120 pounds and provides continuous oxygen at two liters per minute for 8.9 days. Certain liquid oxygen systems can provide oxygen at the same rate for 30 days or more.
- Oxygen concentrator: An oxygen concentrator is an electric device that extracts oxygen from ambient air and delivers oxygen at 85% or greater at concentrations of up to four liters per minute. A back-up oxygen cylinder is used in the event of a power failure for patients on continuous oxygen using concentrators.

Portable systems: Portable oxygen systems may be appropriate for patients with stationary oxygen systems who are ambulatory within the home and occasionally go beyond the limits of the stationary system tubing.

- Smaller gas cylinders, such as the E cylinder, are available as portable systems. The E cylinder weighs 12.5 pounds alone, 22 pounds with a rolling cart.
- Some portable oxygen systems, while lighter in weight than stationary systems, are not designed for patients to carry.
- There are portable systems sometimes referred to as ambulatory systems that are lightweight (less than ten pounds) oxygen systems that most patients can carry. Small gas cylinders are available that weigh 4.5 pounds. Portable liquid-oxygen systems that can be filled from the liquid-oxygen reservoir are available in various weights. The smallest weighs 3.4 pounds with a converter and provides oxygen at two liters per minute for 10 hours.

Appendix B

Current Items That Require Pre-authorization for L&I Claims

E0193	Powered air flotation bed	E0194	Air fluidized bed	E0231	Wound warming device
E0232	Warming card for NWT	E0250	Hosp bed fixed ht w/ mattres	E0251	Hosp bed fixd ht w/o mattres
E0255	Hospital bed var ht w/ mattr	E0256	Hospital bed var ht w/o matt	E0260	Hosp bed semi-electr w/ matt
E0261	Hosp bed semi-electr w/o mat	E0265	Hosp bed total electr w/ mat	E0266	Hosp bed total elec w/o matt
E0270	Hospital bed institutional t	E0277	Powered pres-redu air mattrs	E0290	Hosp bed fx ht w/o rails w/m
E0291	Hosp bed fx ht w/o rail w/o	E0292	Hosp bed var ht w/o rail w/o	E0293	Hosp bed var ht w/o rail w/
E0294	Hosp bed semi-elect w/ mattr	E0295	Hosp bed semi-elect w/o matt	E0296	Hosp bed total elect w/ matt
E0297	Hosp bed total elect w/o mat	E0301	HD hosp bed, 350-600 lbs	E0302	Ex hd hosp bed > 600 lbs
E0303	Hosp bed hvy dty xtra wide	E0304	Hosp bed xtra hvy dty x wide	E0424	Stationary compressed gas O2
E0431	Portable gaseous O2	E0434	Portable liquid O2	E0439	Stationary liquid O2
E0441	Oxygen contents, gaseous	E0442	Oxygen contents, liquid	E0443	Portable O2 contents, gas
E0444	Portable O2 contents, liquid	E0445	Oximeter non-invasive	E0450	Vol control vent invasiv int
E0455	Oxygen tent excl croup/ped t	E0462	Rocking bed w/ or w/o side r	E0601	Cont airway pressure device
E0617	Automatic ext defibrillator	E0627	Seat lift incorp lift-chair	E0628	Seat lift for pt furn-electr
E0629	Seat lift for pt furn-non-el	E0652	Pneum compres w/cal pressure	E0745	Neuromuscular stim for shock
E0746	Electromyograph biofeedback	E0747	Elec osteogen stim not spine (KF)	E0748	Elec osteogen stim spinal
E0749	Elec osteogen stim implanted (KF)	E0760	Osteogen ultrasound stimltor (KF)	E0784	Ext amb infusn pump insulin
E0935	Exercise device passive moti	E0983	Add pwr joystick	E0984	Add pwr tiller
E0986	Man w/c push-rim pow assist	E1002	Pwr seat tilt	E1003	Pwr seat recline
E1004	Pwr seat recline mech	E1005	Pwr seat recline pwr	E1006	Pwr seat combo w/o shear
E1007	Pwr seat combo w/shear	E1008	Pwr seat combo pwr shear	E1050	Whelchr fxd full length arms
E1060	Wheelchair detachable arms	E1070	Wheelchair detachable foot r	E1083	Hemi-wheelchair fixed arms
E1084	Hemi-wheelchair detachable a	E1085	Hemi-wheelchair fixed arms	E1086	Hemi-wheelchair fixed arms
E1087	Wheelchair lightwt fixed arm	E1088	Wheelchair lightweight det a	E1089	Wheelchair lightwt fixed arm
E1090	Wheelchair lightweight det a	E1092	Wheelchair wide w/ leg rests	E1093	Wheelchair wide w/ foot rest
E1100	Whchr s-recl fxd arm leg res	E1110	Wheelchair semi-recl detach	E1130	Whlchr stand fxd arm ft rest
E1140	Wheelchair stand detach arm	E1150	Wheelchair standard w/ leg r	E1160	Wheelchair fixed arms
E1161	Manual adult wc w tiltinspac	E1170	Whlchr ampu fxd arm leg rest	E1171	Wheelchair amputee w/o leg r
E1172	Wheelchair amputee detach ar	E1180	Wheelchair amputee w/ foot r	E1190	Wheelchair amputee w/ leg re
E1195	Wheelchair amputee heavy dut	E1200	Wheelchair amputee fixed arm	E1210	Whlchr moto ful arm leg rest
E1211	Wheelchair motorized w/ det	E1212	Wheelchair motorized w full	E1213	Wheelchair motorized w/ det
E1220	Whlchr special size/constrc	E1221	Wheelchair spec size w foot	E1222	Wheelchair spec size w/ leg
E1223	Wheelchair spec size w foot	E1224	Wheelchair spec size w/ leg	E1225	Manual semi-reclining back
E1226	Manual fully reclining back	E1227	Wheelchair spec sz spec ht a	E1228	Wheelchair spec sz spec ht b
E1230	Power operated vehicle	E1240	Whchr litwt det arm leg rest	E1250	Wheelchair lightwt fixed arm
E1260	Wheelchair lightwt foot rest	E1270	Wheelchair lightweight leg r	E1280	Whchr h-duty det arm leg res
E1285	Wheelchair heavy duty fixed	E1290	Wheelchair hvy duty detach a	E1295	Wheelchair heavy duty fixed
E1353	Oxygen supplies regulator	E1355	Oxygen supplies stand/rack	E1390	Oxygen concentrator
E1391	Oxygen concentrator, dual	E1405	O2/water vapor enrich w/heat	E1406	O2/water vapor enrich w/o he
E1699	Dialysis equipment noc	E1700	Jaw motion rehab system	E1902	AAC non-electronic board
E2000	Gastric suction pump hme mdl	E2300	Pwr set elevation sys	E2301	Pwr standing
E2331	Attendant control	E2399	Noc interface	E2402	Neg press wound therapy pump
E2599	SGD accessory noc	E2609	Custom fabricated whlchr cushion	E2617	Custom fab w/c back cushion
K0001	Standard wheelchair	K0002	Stnd hemi (low seat) whlchr	K0003	Lightweight wheelchair
K0004	High strength ltwt whlchr	K0005	Ultralightweight wheelchair	K0006	Heavy duty wheelchair
K0007	Extra heavy duty wheelchair	K0009	Other manual wheelchair/base	K0010	Stnd wt frame power whlchr
K0011	Stnd wt pwr whlchr w control	K0012	Ltwt portbl power whlchr	K0014	Other power whlchr base
K0108	W/c component-accessory NOS	K0462	Temporary replacement equipmnt	K0600	Functional neuromuscularstim
K0671	Portable Oxygen concentrator				

Department of Labor and Industries
Health Services Analysis
PO Box 44322
Olympia WA 98504-4322

PRSRT STD
U.S. POSTAGE PAID
Olympia, WA
PERMIT #312